

DEPARTMENT
OF
HOUSING
AND
URBAN
DEVELOPMENT



Financial Management

5-Year Plan

FY 2004 - FY 2008



**DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT**

FINANCIAL MANAGEMENT 5-YEAR PLAN

FY 2004 – FY 2008

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FISCAL YEAR 2005 BUDGET JUSTIFICATION INFORMATION ON FINANCIAL MANAGEMENT

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GOALS AND STRATEGIES

The Department has identified a number of financial management goals and underlying objectives, which are further discussed in this section. These goals have been organized to correspond with the format of the President's Management Agenda (PMA).

- **Strategic Management of Human Capital**
- **Competitive Sourcing**
- **Expanded Electronic Government**
- **Budget and Performance Integration**
- **Improve Financial Performance (combined with Financial Performance Section – see page 17)**

GOALS AND STRATEGIES

Strategic Management of Human Capital

Accomplishments

- Completed the Strategic Human Capital Management Plan to address the human capital issues facing the Department. The plan supports a strategic vision that HUD's workforce is mission-focused, diverse, highly qualified and well-prepared to meet the challenges ahead;
- Drafted a Strategic Human Capital Management Implementation Plan that provides action steps, performance measures for success, and estimated completion dates. This will result in: 1) a better deployed workforce; 2) mission driven performance; and 3) increased efficiency and effectiveness of operations;
- Completed the Organizational Assessment Survey (OAS) to obtain feedback on employee satisfaction. Survey results showed a need to enhance training and communication. An OAS action plan has been developed and approved to address four dimensions: 1) communications; 2) use of resources; 3) training and development; and 4) employee involvement;
- Implemented the enhanced HUD Intern Program, designed to maintain a constant flow of promising, talented individuals into HUD's workforce. Over 200 interns (Federal Career, Presidential Management, and Legal Honors Interns) have been hired, with more than 50 percent being hired to meet critical staffing needs throughout HUD's field offices;
- Completed the application of the Office of Personnel Management's (OPM) Human Capital Assessment and Accountability Framework (HCAAF) in HUD. OPM developed the HCAAF as a model and measurement tool to assist federal agencies with their human capital transformation efforts. HUD's HCAAF report was forwarded to OPM on April 4, 2003;
- Developed a Diversity Recruitment and Retention Plan to establish Departmental policy and procedural guidance to assist human resources staffs, managers, and supervisors in addressing diversity initiatives. The plan profiles workforce diversity in the HUD program offices, promotes goals and objectives that are also supported by the Office of Departmental Equal Employment Opportunity, and advises managers of personnel flexibilities and various actions they can take to strengthen their recruitment and staff retention efforts;
- Launched a new Leadership and Management Development Program for HUD aspiring leaders, supervisors, managers, and executives. The critical management and leadership core competences were based on the OPM competency model. The curricula features 38 courses with basic and advanced management skills, coaching, mentoring, and teambuilding capabilities for HUD leaders;

- Launched Operation BrainTrust to capture the knowledge of experienced HUD professionals and leaders, and deliver that knowledge to new and less experienced employees. This transfer of knowledge is designed to reduce the succession planning and leadership gap anticipated due to attrition over the next 3 to 5 years;
- Completed a full year of Total Estimation and Allocation Mechanism (TEAM) time and workload data gathering to validate the Resource Estimation and Allocation Process (REAP) staffing estimates. REAP and TEAM information will help HUD's management to evaluate the Fiscal Year (FY) 2005 budget;
- Initiated the process of using TEAM time and workload data to aid in determining justification for hiring requests and in monitoring adherence to the Department's Corrective Action Plan; and
- Initiated round two of the REAP studies to update organizational and program realignments and to refine workload and unit cost information first developed in the FY 2000 through FY 2002 REAP studies.

Planned Initiatives

- Implement the Human Capital Implementation Plan;
- Complete comprehensive workforce analysis and an Individual Program Office Workforce Plan for the four core business program offices. The workforce analysis is vital to successful accomplishment of succession planning and carrying out mission critical functions and addressing skill gaps/deficiencies in mission-critical occupations;
- Update Interim Comprehensive Workforce Plan to include outcome of workforce analysis for remaining HUD program offices and support areas;
- Complete development of Departmental Succession Planning Strategy, which links to the Workforce Plan and the Strategic Human Capital Management Plan;
- Implement the HUD Integrated Human Resources and Training System (HIHRTS). HIHRTS will replace several existing legacy systems that are slow and isolated, and subsequently, integrate all of HUD's human resources information into a single platform. This technology enhancement will make information readily available to managers and supervisors for strategic planning and employee development. HIHRTS represents a major step forward in HUD's human capital management program and will have far-reaching benefits to help ensure that HUD employees are effectively placed and utilized;
- Conduct REAP studies for two-thirds of the Department over the next 12 months. Data from the REAP studies will be used: 1) to update coding in the TEAM System; 2) to monitor and control the Department's staff ceiling; 3) for budget formulation and execution purposes; and 4) for Departmental human capital and work planning;

- Develop and conduct Budget Formulation/Departmental Staff Ceiling Control training course as part of the Department's Corrective Action Plan to establish better monitoring and control over the Department's staff ceiling. The training will include certain aspects of the federal and Departmental budget process, how full time equivalent (FTE) are acquired and counted, the REAP/TEAM role and process and the responsibilities of program managers, Program Budget Analysts and Administrative Officers. All HUD Budget Officers and Analysts, most Administrative Officers and certain program managers will be required to take the course; and
- Use REAP/TEAM data to evaluate FY 2006 budget requests.

GOALS AND STRATEGIES

Competitive Sourcing

Accomplishments

- Issued guidance for the FY 2003 Federal Activities Inventory Reform (FAIR) Act inventory to HUD components and timely completed and submitted the 2003 inventory;
- Received the Office of Management and Budget (OMB) approval on HUD's revised Competitive Sourcing Plan;
- Awarded an A-76 support contract to assist in implementing HUD's Competitive Sourcing Plan; and
- Performed preliminary analysis of potential candidates for competition. The goal is to initiate competition for selected areas by October 2003.

Planned Initiatives

- Identify functions to be completed in FY 2004 and carry out the competitions;
- Update the FAIR Act inventory annually;
- Identify and plan any additional A-76 and/or "Reverse A-76" competitions after the update of each annual FAIR Act inventory;
- Continue to refine HUD's Competitive Sourcing Plan to reflect changed circumstances, improved insight into HUD Programs, and experiences with conducting competitions;
- Develop a system to track results, including the actual cost of performance;
- Complete a minimum of one standard or full competition;
- Complete contract study of Core Accounting System options and plan for the pursuit of outsourcing options, if selected as advantageous; and
- Establish a focal point and enhanced capacity for competitive sourcing activity.

GOALS AND STRATEGIES

Expanded Electronic Government

The Departmental e-Government Program is a strategic effort to bring HUD into compliance with the Government Paperwork Elimination Act (GPEA) and the President's mandate to provide better, more efficient government services and increased accountability to citizens primarily through the use of the Internet.

Accomplishments

- Upgraded the HUD Travel Manager System (HTMS) to make it available through the Internet. HTMS automates HUD's travel business process by standardizing travel management forms and procedures, electronically routing approval paths, and ensuring prompt payment via on-line interface with HUD Central Accounting and Program System (HUDCAPS);
- Provided OMB with HUD's GPEA compliance submission and received a "green" score for progress on the PMA. HUD's "green" score was not only attributed to the Department's GPEA compliance submission but to overall Department-wide strategic planning, and inclusion of e-Government into the capital planning and investment control processes;
- Managed the PMA's "Expanded Electronic Government" initiatives that include the development, reporting and monitoring of e-Government performance goals in HUD management and performance plans. HUD's participation in 17 PMA initiatives will help drive citizen-centric portals (e.g., Grants.gov, GovBenefits.gov, e-Travel, e-Rulemaking, etc.);
- Ensured that HUD's e-Government Strategic Plan provides a single Departmental strategy for the implementation of e-Government technology and solutions to meet Departmental mission, goals and objectives;
- Updated HUD's Information Technology Investment Management (ITIM) Scorecard to include criteria in support of the PMA for expanding e-Government;
- Led e-Government assessments in accordance with OMB Circular A-130 to identify HUD investments that duplicate or relate to initiatives in other federal agencies;
- Facilitated inter-agency agreements and/or memoranda of understanding with the lead agencies, allowing transfer of funds as well as committing staff resources to seven PMA e-Government initiatives: e-Authentication, e-Loans, e-Rulemaking, e-Travel, GovBenefits, Integrated Acquisition Environment, and USA Services;

- HUD staff chaired one of the General Services Administration's (GSA) procurement panels that resulted in the recent award for the governmentwide Electronic Travel Service (eTS);
- Facilitated an agreement between HUD and the Department of Education (lead agency for the governmentwide e-Loans initiative) to web-enable the Credit Alert Interactive Voice Response System for governmentwide use;
- Blended HUD Virtual University into OPM's GoLearn.gov facility;
- Worked with Housing, Community Planning and Development, Public and Indian Housing (PIH), and others to provide information on 57 of HUD's benefit programs, now available at www.govbenefits.gov;
- Increased the number of visitors to HUD's Homes and Communities website by more than 25 percent in the past year, to an average of 830,000 people per month. From the website, citizens can find information they need to buy homes, find affordable rental housing, and strengthen their communities – all part of HUD's mission and strategic goals. Developed procedures for using the web in emergency situations, to communicate information and instructions to citizens, partners, and HUD employees;
- Debuted ***espanol.hud.gov***, the Spanish version of HUD's popular "Homes and Communities" website, making HUD the first cabinet level agency to offer a website in Spanish. More than 1,800 pages have been translated into Spanish in this major effort to make HUD information available to our Spanish-speaking customers;
- Piloted HUD's new "real time chat" technology, titled "Person-to-Person." For the first time, citizens could come to the HUD website and get immediate answers to their questions from "live" HUD employees. In the 30-day pilot, Housing staff in the Richmond office responded to questions from 688 first-time homebuyers across the nation, handling as many as 66 requests per day;
- Completed a comprehensive study of HUD's web-based kiosk program. The study showed that 78.4 percent of kiosk users come from low income households; 73 percent are minorities; 87 percent said they did not have access to the Internet; thus, the kiosk was a welcomed alternative; and, most importantly, 74 percent of those who participated in the study actually did something with the information they found on the kiosks; and
- Took the first steps toward creating a robust, automated web content management system that will reduce HUD's dependency on web support contracts and significantly improve management controls. An experienced consultant has recommended a long-term strategy for acquiring and implementing a content management system. Though it will take a number of years to complete, HUD's automated web content management system will make creating and maintaining web content faster and easier.

Planned Initiatives

- The governmentwide eTS contract has been awarded by GSA. All government agencies are required to start implementing the service by December 2004 and must complete implementation and be on the system by September 2006. HUD intends to complete implementation to the governmentwide travel service sometime in FY 2004. There will be a short transition period to migrate from HUD's current in-house travel system (HTMS) to eTS just prior to final implementation;
- Update the e-Government Strategic Plan to include new e-Government priorities, PMA and Best Practices including: 1) providing a single vision for e-Government for the agency; 2) developing and distributing internal quarterly e-Government monitoring reports to track the progress of all e-Government activities at HUD; and 3) updating and implementing a HUD employee e-Government training program;
- Supplement the generic content currently available on HUD's web pages. Local information will highlight what states and cities are doing with HUD money, in order to show citizens how their federal tax dollars turn into local opportunities;
- Teach citizens and HUD's business partners how to take advantage of government programs through new uses of webcasting;
- Develop virtual team technology to permit groups to share files and discuss ideas and concerns, all in real time. This technology will foster the creation of ad hoc groups of citizens, partners, and HUD staff who can interact to address problems;
- Continue to seek a robust content management technology that will make creating, posting, tracking, and managing web content easier and more efficient and help HUD implement more effective management controls. The Department also is exploring other technologies that could draw information from current automated systems and array it in user-friendly ways, improving the information and services that HUD provides to citizens;
- Continue to find ways to use the web to accomplish the Department's mission and strategic goals;
- Improve the quality of HUD's websites and kiosks by eliminating redundant content and by consolidating, editing, and rewriting narrative to make it simpler and more audience-friendly. A new quality control system to review and improve the quality of web content will be implemented;
- Improve technology and content delivery systems. HUD will continue to pursue implementation of an automated content management system capable of feeding many methods of content delivery, including Internet, intranet, kiosks, personal digital assistants, faxes, and any other form of output that may arise. Develop virtual team technology to permit groups to share files and discuss ideas and concerns, all in real time; and

- Continue developing customer service standards for HUD's web products and support efforts, including web-generated email management, to ensure that customers get quick, effective, and audience-friendly responses to their questions.

GOALS AND STRATEGIES

Budget and Performance Integration

Accomplishments

- Held meetings with HUD stakeholders and regional managers to ensure participation in revamping the FY 2004 Annual Performance Plan (APP) and the HUD Strategic Plan;
- Restructured the FY 2004 APP by including an executive summary and a consolidated discussion of means and strategies for attaining performance goals;
- Submitted the revised HUD Strategic Plan for FY 2003-2008 in March 2003, 6 months ahead of time, and incorporated intermediate performance measures dovetailed to existing and additional long term performance goals;
- Distributed performance targets with the FY 2004 budget formulation request asking HUD's principal staff and program offices to: 1) formulate program funding requests that are tied to Strategic Goals and past, present, and projected future performance data; and 2) to review the APP indicators to identify more effective outcome indicators;
- Submitted the Department's FY 2004 budget to OMB in September 2002 in two formats: traditional total program/line item justification and performance-based justification reflecting program and administrative resources matched to strategic goals. The new format integrates performance, policy, and budgeting;
- Trained Departmental personnel on developing performance measures, drafting performance budget justifications, and use of the newly restructured budget formats;
- Enhanced the EZBudget system to allow program offices to integrate performance information into budget formulation;
- Incorporated the Performance Assessment Rating Tool (PART) performance measures into budget submission;
- Linked performance targets to resource levels;
- Improved the readability of the Performance and Accountability Report (PAR), introduced each strategic goal section with a summary table that shows whether each target has been substantially achieved, and included more detailed accounts of both the quality and source of data for most performance indicators;
- Completed research project to assess feasibility of measuring neighborhood outcomes supported by Community Development Block Grant (CDBG) spending; and

- Instituted Results Oriented Management and Accountability training for HUD staff and 2003 Notice of Funding Availability (NOFA) applicants, and required use of a common methodology and format (Logic Model Form 96010) for capturing performance goals for activities to be conducted under HUD's financial assistance programs.

Planned Initiatives

- Continue to improve the usability of the budget- and performance-integrated justifications submitted to OMB and the alignment of policy, performance, and budget resource decision making;
- Evaluate the Logic Model responses submitted under the 2003 grant application process to improve outcome and output performance measures of applicants and grantees, and provide two additional training sessions to HUD staff and the grantee community;
- Continue progress in improving outcome and output performance indicators; improving data quality; providing and using additional policy and program research and evaluations; ongoing efforts to make performance and budget reports and materials streamlined, more transparent, and increase the use of these materials by Congress, HUD partners, and the public;
- Continue aligning and integrating the PMA, Management Plan, APP, and PAR. Accelerate submission of the PAR;
- Incorporate PART performance measures and policy developments into budget submission;
- Submit the FY 2005 APP integrated with budget request as a single submission to OMB; and
- Initiate planning to strengthen budget account alignment.

FINANCIAL PERFORMANCE

- **Unqualified and timely audit opinion on the annual financial statements**

- Improve management and internal control
 - Rental Housing Integrity Improvement Project
 - Improve FHA Risk Management
 - Restructuring Section 8 expiring contracts

- **Financial management systems meet federal financial management system requirements and applicable federal accounting and transaction standards**

- Office of the Chief Financial Officer
 - Data quality
 - Federal Housing Administration
 - Office of Administration
 - Establishing and maintaining a secure systems environment that ensures appropriate information access and exchange

FINANCIAL PERFORMANCE

Unqualified and timely audit opinion on the annual financial statements

One of HUD's financial management initiatives since the inception of the Chief Financial Officers (CFO) Act of 1990 has been to obtain a clean audit opinion. The Department has made significant progress in this area and for the third consecutive year received a clean audit opinion, the fourth in HUD's history. The Federal Housing Administration (FHA) received for the fifth consecutive year an unqualified opinion on its federal basis financial statements. Government National Mortgage Association (GNMA) also received an unqualified opinion on its financial statements for FY 2002 and for all the previous years.

Accomplishments

- Kicked off the FY 2003 audit with Office of Inspector General (OIG) in early March 2003;
- Prepared and analyzed financial statements monthly;
- Tightened SF-224 reporting schedule;
- Provided timely financial data to managers via the Office of the Chief Financial Officer (OCFO) Financial Data Mart;
- Submitted on time the interim financial statements as of December 31, 2002, March 31, 2003, and June 30, 2003;
- Continued to review and correct vendor file data to improve identification of intergovernmental transactions;
- FHA implemented its Commercial Off-the-Shelf (COTS) general ledger system on schedule in October 2002. This system improved business processes including automation of manual accounting transactions, production of FHA financial reports from the FHA general ledger, and full implementation of FHA federal accounting requirements that include Credit Reform and Standard General Ledger (SGL) fund accounting;
- Automated loading of FHA and GNMA financial statements into the consolidation process for HUD-wide statements; and
- Delivered the FY 2002 audit report and PAR to OMB on January 31, 2003.

Planned Initiatives

- Receive unqualified audit opinions on the FHA, GNMA, and Consolidated Financial Statements;
- Meet the new interim and accelerated reporting requirements from OMB for FY 2004 and beyond;
- Continue with the remaining components of the FHA system development plan, which are spread over a 3-year period. The system development plan includes the elimination of remaining manual processes and their replacement with direct, automated interfaces to FHA insurance systems, the implementation of automated funds control process using the FHA general ledger, and the enhancement of FHA cash accounting and Treasury reconciliation with automated support from the integrated financial management systems; and
- Deliver the FY 2003 PAR on December 19, 2003.

Improve Management and Internal Control

HUD's commitment to a strong management and internal control environment continued during FY 2003.

Accomplishments

- Completed a total of ten Quality Management Reviews (QMRs) of field office operations, providing the opportunity to detect emerging problems and give immediate technical assistance to the field;
- Refined the Department's Compliance and Monitoring Initiative training, which is designed to bring consistency and uniformity to HUD's monitoring process in Headquarters and the field. The total number of employees trained during FY 2003 was 175;
- Continued delivery of the new Compliance and Monitoring Course designed specifically for managers and supervisors. Plans are underway to train an additional 110 managers and supervisors;
- Convened a forum of senior managers from the OIG and HUD program offices to examine new approaches to prevent fraud, waste, abuse, and mismanagement. Separate working groups were formed and the panels formulated general strategies and solutions for HUD's major program areas;
- Initiated an accelerated management decision process for internal audits that encourages reaching early management decisions prior to the issuance of the final report;

- Continued to attain the goal of zero overdue management decisions on the OIG audit for the fifth consecutive semiannual reporting period;
- Issued new guidance on the Front End Risk Assessment (FERA) process for program offices to use when mitigating risks for new or substantially revised programs;
- Revised Departmental guidance on the Administrative Control of Funds and placed overall responsibility for control of funds with allotment holders. Guidance called for a briefing of allotment holders on the Anti-Deficiency Act and requirements of the revised handbook. Guidance requires that allotment holders designate funds control officers and develop, maintain, and enforce funds control plans; and
- Allotment holders completed their first-ever funds control plans that document their processes for controlling FY 2003 funds allotted to them. These plans received conditional approval from the CFO along with a list of recommended improvements for future plans and processes.

Planned Initiatives

- Revise the Departmental Management Control Handbook 1840.1 Rev-3, to reflect current policies and procedures and streamline the FERA process;
- Issue Departmental guidance for all HUD program areas whose awards are subject to the Single Audit Act and pursue an interagency agreement with the OMB Federal Audit Clearinghouse to provide reports on the types of findings identified in single audits covering HUD program activity;
- Continue compliance audits of the Audit Liaison Officer's certification and documentation process for both Headquarters and the field in accordance with Handbook 2000.6 Rev-3;
- Implement a process for the timely identification of programs requiring FERA;
- Create a Risk Management Division web page to highlight risk management initiatives and to provide useful tips for assessing program risks;
- Develop a computer-based tutorial, accessible via the Risk Management web page, to enable new managers to learn the concepts of risk management;
- Complete the documentation of the current control structure design for HUD's major programs;
- Complete actions to eliminate or downgrade material weaknesses or other deficiencies;
- Further refine the QMR process, which provides for on-site performance evaluations of field office operations;

- Provide further revisions to Departmental Administrative Control of Funds guidance based on additional provisions of the FY 2003 Appropriations Act and lessons learned from the allotment holders' initial funds control plan submissions;
- Allotment holders will develop annual funds control plans updates that must be approved by the CFO before new funding is allotted each year;
- Post annual funds control plans to its site on HUD's internal web to provide Headquarters and field office personnel with easy access to information regarding their responsibilities for controlling program and administrative funds;
- Perform compliance reviews on all funded activities in order to determine if funds are processed in accordance with approved funds control plans;
- Arrange for or provide on-site, broadcast and web-based funds control training to responsible funds control personnel throughout the Department;
- Comply with provisions of the Improper Payments Information Act of 2002 and review all programs and activities in order to identify those that may be susceptible to significant erroneous payments as defined in the Act and OMB Memorandum No. M-03-13. For those programs and activities determined to have significant erroneous payments, we will identify the causes and put a plan in place to measure and reduce such payments; and
- Implement a recovery audit process designed to identify overpayments to contractors that are due to payment errors. An analysis of the reasons for the overpayments will be provided and controls will be put in place to prevent such overpayments in the future.

Rental Housing Integrity Improvement Project

Secretary Martinez established the Rental Housing Integrity Improvement Project (RHIIP) as a Secretarial Initiative to resolve the high-risk status and longstanding material weakness issues in HUD's rental housing assistance program. The rental housing assistance programs – which include the low-rent public housing, Section 8 tenant-based assistance and various project-based assistance programs – are HUD's largest appropriated program activity with about \$23 billion in expenditures in FY 2002. HUD's program oversight and capacity to adequately monitor and control the rental housing subsidy determinations and billings had significantly declined over the prior decade. There was also general recognition of high incidence of erroneous subsidy payments in the programs. The overall objective of the RHIIP is to ensure that the *“right benefits go to the right persons”* – enabling HUD's limited program funding to serve as many low-income households as possible.

An early focus of the RHIIP effort was to: 1) refine information on the nature and magnitude of erroneous rental housing subsidy payments; 2) identify the root causes of subsidy payment errors and develop viable corrective action plans to remedy those causes; and 3) establish error

reduction goals and a means to measure progress against those goals. Information on the nature and magnitude of improper payment problems in the rental housing assistance programs was significantly expanded by the January 2001 release of an interim HUD report on the quality of rent calculations by the public housing agency, project owner, and management agent intermediaries that administer these programs. Over 60 percent of rent calculations were found to contain some type of administrative or component processing error, contributing to both subsidy overpayments and underpayments. Based on prior year data, erroneous payment estimates were refined for reporting in HUD's FY 2001 Consolidated Financial Statements. The combined effect of the estimated \$1.669 billion of overpayments and \$634 million of underpayments attributed to program administrator processing errors, plus the \$978 million of overpayments attributed to tenant underreporting of income, yielded a gross payment error estimate of \$3.281 billion. Offsetting the overpayment and underpayment error estimates yielded a net annual subsidy overpayment estimate of \$2.013 billion, which represented approximately 10.7 percent of the \$18.883 billion in total rental subsidies paid by HUD in FY 2000. A goal was established to reduce processing errors and resulting erroneous payments 50 percent by the end of FY 2005, with interim reduction goals of 15 percent for FY 2003, and 30 percent for FY 2004.

A multi-organizational RHIP Advisory Group developed a comprehensive strategy for addressing the root causes of all known sources of subsidy payment error. The RHIP strategy includes actions that seek to: 1) simplify overly complex program requirements that contribute to error; 2) enhance the existing capacity to effectively administer and monitor the programs; and 3) establish the controls, systems incentives and sanctions necessary to improve program performance and accountability on the part of HUD, HUD's program intermediaries, and the tenants they serve. Recent accomplishments and continuing plans are described below.

Accomplishments

- Issued "Program Fact Sheets" to better explain program requirements, benefits, and processes to program participants and administrators, as an initial step to reducing errors;
- Issued updates to program handbooks and guidelines to clarify current program requirements, as a basis for effective program administration and monitoring;
- Conducted occupancy training for program participants, administrators and HUD staff to strengthen the understanding of program requirements;
- Outreached to industry and tenant groups to provide information on RHIP initiatives, including presentations at state and national conferences and other trade meetings;
- Redeployed HUD staff resources to place a greater emphasis on monitoring rental assistance program activity;

- Initiated the Office of Public Housing's Rental Integrity Monitoring initiative with provisions for tracking, resolving and reporting on monitoring findings, including technical assistance to improve program administration;
- Continued to increase the monitoring of projects-based assistance through the expanded use of performance-based contract administrators;
- Developed rent calculation software and a corresponding tenant interview script and concluded pilot testing the process with program administrators;
- Developed a pending legislative proposal for statutory authority to enable HUD to conduct computer matching with the Department of Health and Human Services (HHS) National Directory of New Hires database and share the result of such matches with HUD program administrators for use in correctly calculating rent subsidies. Legislative proposal was submitted to the House of Representatives;
- Signed cooperative agreements with 19 individual states and launched a pilot systems effort called the Upfront Income Verification (UIV) system to enable authorized computer matching with state wage data for public housing agency programs, as a precursor to the use of the central federal repository of state wage data; and
- Developed and assessed various program simplification proposals, as a possible means of reducing program error.

Planned Initiatives

- Revise the front-end of HUD's Public and Indian Housing Information Center (PIC), Multifamily Tenant Characteristics System, and Tenant Rental Assistance Certification System to better standardize and automate the collection and validation of tenant information used in rent and subsidy determinations;
- Fully implement automated program administrator access to additional sources of federal, state and private income data to which HUD is authorized for upfront use in correctly calculating rents and subsidies to reduce improper payments;
- Continue outreach to industry, tenant groups and other stakeholders, including focus sessions on program simplification and the improved use of technology for program processing;
- Implement any approved statutory and/or regulatory simplification proposals;
- Continue to strengthen the quality control initiatives over the rent and subsidy determination and payment processes with stronger incentives and sanctions to better assure program integrity. Complete on-site monitoring reviews by the end of FY 2003 of 490 Public Housing Authorities (PHAs) that receive 80 percent of total subsidy funding;

- Continue to provide increased program training and assistance to program administrators and tenants;
- Continue to reestablish an adequate HUD capacity for proper oversight of the rental housing assistance programs; and
- Execute plans for measurement and reporting on erroneous payment levels in HUD's FY 2004 consolidated financial statements, and annually thereafter.

Improve FHA Risk Management

HUD continues to enhance FHA's financial soundness by reducing the incidence of problematic appraisers, improving the performance of single family mortgage program participants, and increasing loan asset sales for delinquent debt.

Accomplishments

- Since transfer of appraiser field review function from the Real Estate Assessment Center to FHA's four Homeownership Centers (HOCs) and implementation of a risk-based targeting system to select appraisers for field reviews, FHA has removed three to four times as many poorly performing appraisers from the FHA Appraiser Roster per year. In FY 2003 HOCs will remove an additional 120 poorly performing appraisers from the Roster;
- Developed a risk-based appraiser algorithm to select appraisers for field review;
- Published proposed rule that requires appraisers to have credentials based on minimums set by the Appraiser Qualifications Board;
- Published a rule that will prevent property flipping within FHA. The new requirements will make recently flipped properties ineligible to be security for FHA-insured mortgages and allow FHA to better manage its insurance risk by requiring additional support for a property's value when a significant increase between sales occurs. It will also allow FHA to focus its resources on those areas in the country where property flipping and other predatory lending practices may be occurring with some regularity;
- Published a proposed rule to hold lenders accountable for the quality of appraisals performed by appraisers with whom they choose to do FHA business, to ensure that the lender takes seriously its part in ensuring the accurate valuation of the collateral securing an FHA mortgage;
- Publish a proposed rule to make several amendments to the regulations for FHA's Credit Watch Termination Initiative (CWTI);
- Accomplished four rounds of CWTI actions against lenders;
- Implemented a reduction in the threshold for the CWTI;

- Implemented the Lender Assessment Subsystem (LASS) which is a web-based electronic system that collects and analyzes the audited financial statements that FHA approved lenders are required to submit annually;
- Implemented Section 601 of the FY 1999 HUD Appropriations Act, authorizing reform of the single family claims and property disposition process. This will result in maximizing recovery on claims paid, with an abbreviated Accelerated Claim Disposition (ACD) program (the “Demonstration”) involving a finite group of assets and the Joint Venture partnership as the disposition method. The ACD Demonstration using a Joint Venture partnership for a forward sale of single family defaulted notes began in October 2002. An award of 70 percent equity interest was made to Salomon Brothers at the end of October 2002 and the first accelerated claims were paid that same day. There will be a total of 11 monthly settlements when the last settlement is held in September 2003;
- Scheduled the second Single Family Joint Venture Sale in September 2003. The forward pipeline will contain approximately 8,000 mortgages secured by properties nationwide;
- Held a Multifamily and Healthcare Loan Sale of approximately \$245 million in unpaid principal balance in December 2002. Another Multifamily and Healthcare Loan Sale is scheduled for September 16, 2003, and will include approximately 43 loans with an estimated unpaid principal balance of \$190 million; and
- Implemented plans to strengthen controls over contracted services maintaining HUD’s multifamily property inventory. The Department has enhanced the requirements applying to its separate oversight contractor for multifamily property management. The strengthened requirements include the regular review of the property manager’s subcontracting system and file documentation, physical inspections of subcontracted work completed, and on-site reviews of subcontracted work, services and deliverables.

Planned Initiatives

- Implement an appraiser risk-based algorithm within appraiser review process;
- Implement a risk-based statistical model to more effectively select cases for post-endorsement technical reviews;
- Develop a risk-based model using HUD/FHA data that will measure the performance of FHA lenders and single family programs;
- Publish and implement a Final Rule to make several amendments to the regulations for FHA’s CWTI;
- Enhance LASS to include more features and efficiencies that benefit the mortgage lending industry, and extend integration of the system to other functional areas. The specific

enhancements include the ability to collect and analyze consolidated financial statements, and data mining and statistical analysis of the annual financial data collected to be used as early warning indicators of lenders suffering financial stress;

- Expand the ACD demonstration to allocate defaulted single family assets to additional disposition alternatives – including special servicing with whole loan sale or securitization;
- Publish an Advance Notice of Public Rulemaking in early 2004 to solicit comment on the design and implementation of the permanent ACD program. Implement the permanent program in FY 2004. It is planned that accelerated claims will increase to become 80 percent of all termination claims (Conveyance and Accelerated Claims);
- In FYs 2004-2007, the Department anticipates selling approximately \$300 million of FHA multifamily and healthcare loans on unsubsidized properties each year through whole loans sales. In FYs 2004-2007, it is expected that approximately \$1 billion of multifamily loans on subsidized properties will be sold;
- Conduct and evaluate the Asset Control Area program, which disposes of HUD-held single family homes to units of general local government and nonprofits upgrading designated Revitalization Areas;
- Publish rule revising the formula for selling HUD-owned properties under the Single Family Sales to Owner-Occupant Purchasers initiative;
- Make enhancements to the Computerized Homes Underwriting Management System (CHUMS) supporting the property flipping rule. The enhanced system will deny FHA insurance for loan applications where the subject property was acquired less than 90 days prior to the new contract to purchase. Among enhancements to CHUMS will be a new reporting capability that includes the number of loans that were rejected for not meeting the 90-day requirement;
- Revise the actuarial model of the annual Actuarial Review of the Mutual Mortgage Insurance Fund in order to both include borrower credit characteristics as explanatory variables affecting loan terminations, and account for the increasing proportion of FHA defaults that the loss mitigation program is resolving without a foreclosure and subsequent conveyance claim. Such alternative loss mitigation outcomes include certain pre-foreclosure sales, partial claims, loan restructuring, and special forbearance; and
- Implement strengthened controls over contracted services maintaining HUD's multifamily property inventory. In the new multifamily property management contracts effective October 1, 2003, the Department includes new requirements to increase the contractor's oversight responsibilities, particularly in the areas of quality control and subcontracting activities. These requirements include providing a Quality Control Plan, providing photographic documents to accompany all inspections of significant subcontracted work, and performing yearly audits of onsite subcontracting activities.

Restructuring Section 8 Expiring Contracts

Accomplishments

- The Office of Multifamily Housing Assistance Restructuring (OMHAR) continued the restructuring of projects with above-market rents for the Mark-to-Market (M2M) program by completing/closing over 430 projects, preserving an estimated 35,000 units and saving over \$32 million annually in Section 8 costs. This brings the total of projects to date on which OMHAR has completed/closed restructurings to over 2,000. OMHAR provided technical guidance on the M2M program to its Participating Administrative Entities and conducted Communication and Coordination sessions with over 40 HUBs and field offices, 30 owner groups and 25 other stakeholder groups. OMHAR has received in excess of 500 referrals of properties to the M2M program during FY 03.

Planned Initiatives

- OMHAR sunsets on September 30, 2004. Restructuring authorities under Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) continue until September 30, 2006. The Office of Housing and OMHAR are developing a plan to address the ongoing utilization of restructuring authorities and the resources, both from OMHAR and other areas, which will be needed to carry on the restructuring activities. That development has progressed significantly during FY 2003 and will be ready for final concurrence and begin to be implemented during the first quarter of FY 2004. It is anticipated that the transition will be smooth and resources will be sufficient to assure the objectives of MAHRA are met.

FINANCIAL PERFORMANCE

Financial management systems should meet federal financial management systems requirements and applicable federal accounting and transaction standards. Integrated financial and performance management systems should support day-to-day operations.

Office of the Chief Financial Officer

The Vision Update and Initiate phase for the HUD Integrated Financial Management Improvement Project (HIFMIP) was redirected in October 2002 to include FHA and GNMA in a broadened scope. The expanded scope, with FHA and GNMA, requires significant additional review and analysis of HUD's business processes and increases the issues that require resolution to support a successful completion of the planning phase of HIFMIP. The HIFMIP Vision and Initiate phases will be completed in the 4th quarter of FY 2004 and will provide a comprehensive financial management/financial systems plan for HUD. HIFMIP milestones and costs will be based on the results of the Vision and selected alternatives resulting from the analysis of current financial information flows and completion of the Systems Development Methodology (SDM) Initiate phase. The Initiate phase deliverables will enable HUD to establish critical milestone dates for the project. The Initiate phase includes a feasibility study, cost/benefit analysis, risk management plan, and project plan that will provide the framework for HUD to develop detail plans, performance metrics and milestones for the new FY 2004 Vision.

HUD continues to expand the usage and availability of standard sets of status of funds and quality assurance reports available from the financial data mart using third party query tools. Management of the information technology (IT) portfolio is enhanced by the availability of data mart reports. A report on the status of unexpended balances for HUD's program portfolio is distributed at the monthly executive management meeting. HUD financial data is readily available for executives and managers. In addition, we continue to improve internal and external user interfaces to financial data by moving steadily forward with Internet and e-Government access to our clients, including recipients of HUD funds. HUD remains committed to the primary objective of implementing a consolidated financial management and program accounting system to support the business information needs of the Department.

Accomplishments

In FY 2003, the OCFO accomplished the following initiatives to improve financial management systems and accountability:

- Developed and deployed additional status of funds reports to HUD's Program Offices, to HUD's executive management committee and to HUD's IT portfolio managers;
- Developed and deployed improved project-level and contract-level reports to program managers;

- Implemented a vendor upgrade to the financial statement system software as well as Treasury mandated changes to Federal Agencies Centralized Trial Balance System (FACTS) II reporting requirements;
- Expanded the usage of Project Cost Accounting at HUD within the Working Capital Fund;
- Expanded the data available in the financial data mart and added new tools to the toolkit for deployment of reports (e.g., status of funds, project cost accounting, quality assurance, security re-certification reports and annual validity of obligations reports) through web technology and new broadcast capabilities;
- Expanded the usage of electronic Line of Credit Control System (eLOCCS) to most PIH programs and to non-PHA recipients of PIH program dollars;
- Continued efforts to make eLOCCS available as the user interface for all LOCCS users;
- Migrated all HUD travelers to the travel manager system with an on-line interface to the general ledger and funds control system (HUDCAPS);
- Upgraded HTMS to make it available through the Internet;
- Developed electronic database of Section 236 Interest Reduction Program amortization schedules in support of conversion to the Line of Credit Control System (LOCCS) in FY 2004 (supports initiative to close out A65A, Section 235 Automated Validation and Editing system);
- Completed the Requirements Document phase for a replacement system for the non-compliant Loan Accounting System (LAS). The next phase, documenting the system design requirements, is underway;
- Commenced the HIFMIP initiative in January 2003. The initiative includes a broad mandate to perform a thorough analysis to update the FY 2000 Vision;
- Issued the initial Request for Quote (RFQ) to update the FY 2000 Vision in April 2003. The contract award was completed in June 2003 and met OMB requirements for HUD to receive a “green” on the PMA Scorecard for efforts to improve financial performance;
- Implemented a major systems upgrade to current vendor version and moved HUDCAPS from a 16-bit to a 32-bit architecture. The upgraded components included all graphical user interfaces, procurement interfaces, and travel interfaces. The upgrades allowed the Department to migrate to Windows XP;
- Completed independent evaluations of ten of the Department’s financial management systems to determine compliance with OMB Circulars A-123, A-127, A-130, the Computer Security Act requirements, the Federal Financial Management Improvement Act (FFMIA),

the Federal Managers' Financial Integrity Act (FMFIA), Treasury, General Accounting Office (GAO), Joint Financial Management Improvement Program (JFMIP), and related regulatory and statutory requirements. These independent assessments confirmed that selected systems are substantially compliant with the above requirements – especially as they relate to FFMIA; and

- Received data quality certification at 3-sigma for Program Accounting System (PAS), LOCCS, and HUDCAPS.

Planned Initiatives

- The HIFMIP Vision refresh and SDM Initiate phase will be completed in FY 2004 and provide a strategic plan for HUD's financial systems modernization, including all major phases required to replace or modernize HUD's financial systems by FY 2007;
- The HIFMIP Vision update will include completion of the HUD SDM Initiate stage, including a feasibility study, cost/benefit analysis, risk analysis, project plan, and independent decision and recommendation paper that presents the best value alternatives based on the analysis of all HUD financial systems;
- Continue to improve the quality, timeliness, and accessibility of financial data to all of our internal managers and external stakeholders by expanding the usage of the financial data mart and by further strengthening our quality assurance processes;
- Develop new procedures and complete the automation of the accounting and payment records for the Section 236 Interest Reduction Program;
- Complete initiatives to close out 3 financial systems (A44D – Low Rent Housing Security Ledger, A65A – Section 235 Automated Validation and Editing, and D08 – Bond Payment);
- Continue to monitor the A-127 status of HUD's financial management systems to determine compliance with FFMIA, FMFIA, Treasury, GAO, OMB, and related regulatory and statutory requirements;
- Determine the risks of any non-compliant, as well as borderline compliant, systems and recommend improvement for correcting the deficiencies and bringing the systems into compliance;
- Implement the governmentwide Electronic Travel Service (eTS); and
- Acquire and implement a compliant Loan Accounting System to replace the non-compliant LAS.

Federal Housing Administration

Accomplishments

- Continued to make substantial progress in addressing systems deficiencies. For the past 8 years, the FHA audits have declared a material weakness in this area based on not providing timely, accurate, and relevant financial information and reports to management. In addition, the audits found that systems are not integrated. Financial management capability has been further enhanced to more effectively monitor program recipients and to hold them accountable for compliance with regulatory requirements;
- In October 2002, FHA implemented a new general ledger using the U.S. Government Standard General Ledger (USSGL) at the transaction level, capable of tracking budgetary resources, performing checks for funds availability, and generating FHA's financial statement reports automatically from general ledger account balances; and
- The single family and multifamily program areas continued development of new systems and enhancements to existing systems in order to achieve systems integration and reform objectives.

Planned Initiatives

- The FHA Subsidiary Ledger Project anticipates completing its next steps ahead of its earlier schedule, by April 2004 instead of December 2004. These steps include integration of cash management and contract accounting functions in the core financial system and elimination of several stand-alone funds control systems; and
- By 2006, the FHA Subsidiary Ledger Project will integrate financial operations for all of FHA's insurance programs, eliminating duplicative accounting software and providing FHA with new capabilities to manage risks by monitoring financial activities across all stages of the insurance life cycle.

Office of Administration

The Office of Administration is addressing the need to establish an operational framework that ensures the integrity, availability, confidentiality, and accountability of HUD's critical physical information technology, and voice communications infrastructures for HUD staff and business partners.

Accomplishments

- Integrated Single-Sign-On (SSO) technology in infrastructure;
- Developed a new HUD IT Security Policy, updated HUD's ADP Security Handbook, and updated Critical Infrastructure Protection Plan in compliance with Presidential Decision Directive-63;

- Provided Enterprise Security Awareness training to HUD employees, covering GISRA/Federal Information Security Management Act (FISMA) requirements and all four critical infrastructure protection areas: 1) data; 2) people; 3) facilities; and 4) systems;
- Conducted OMB Circular A-130 reviews for mission critical systems;
- Completed a review of access rights to sensitive data and systems to identify individuals who needed background investigations;
- Continued to improve security processes to satisfy audit issues/recommendations. Completed the second quarterly review of HUD Online Users Registration System report, and also performed a reconciliation of the data with the Security Control and Tracking System data. All users have been reconciled;
- Established Senior Security Officers in program areas, including field offices and provided guidance, direction, and oversight; and
- Verified the list of sensitive systems in the Department.

Planned Initiatives

- Begin to perform a compliant certification and accreditation process. This work will continue throughout FY 2004 and will cover all application systems in 8 categories of business and the HUD general support system. The process will also contain risk assessments that include researching, identifying, and documenting the risks to each business category of systems at HUD;
- Form an incident response team that will include intrusion detection, monitoring of ongoing threats and potential vulnerabilities;
- Perform penetration testing of HUD infrastructure on a semi-annual basis to identify weaknesses and provide a basis for strengthening the HUD infrastructure;
- Continue to comply with FISMA for reporting weaknesses that include quarterly reports to OMB and Congress covering the 17 primary IT security areas. This effort will continue with a primary detailed report called the Plan of Action and Milestones; and
- Update 5-Year Strategic Information Security Plan with the latest information available and the most current budget information for IT security. This will include planned strategies for the next 5 fiscal years.

FINANCIAL MANAGEMENT SYSTEMS STRUCTURE

- **Baseline of Financial and Mixed Systems**
- **Target Structure for Financial and Mixed Systems**
- **Critical Projects to Move from Baseline to Target**

FINANCIAL MANAGEMENT SYSTEMS STRUCTURE

Baseline of Financial and Mixed Systems

Quality assurance and data integrity are two of the performance measurement factors used in reviewing the Department's financial management systems. The unqualified audit opinions for three consecutive years (FY 2000-2002) are indicators of the Department's focus on improving and enhancing financial systems.

FHA continues to refine and work to complete their "Blueprint for Financial Management Systems," part of which is to implement a new subsidiary general ledger that replaces the FHA core financial system and will either integrate, modernize or replace existing subsidiary systems and automate current manual processes, as well as address financial management and system deficiencies documented by HUD's OIG, FHA's financial statement auditors, OMB, and GAO.

The Office of the CFO re-defined and re-scoped the Departmental General Ledger (DGL) project to the HUD HIFMIP to include all HUD financial systems, including FHA and GNMA. The HIFMIP initiative commenced in January 2003 and included a new RFQ and contract award to obtain the resources and skills required to conduct a complete review, analysis and update of the FY 2000 Financial Management Vision. The new Vision will include HUD's commitment to fix HUD financial systems, and include new requirements and mandates promulgated by JFMIP, e-Government, PMA and Federal Enterprise Architecture Framework. In addition, HUD will maintain communications and counsel with other federal agencies that have had success in implementing Enterprise Resource Planning systems and leverage the knowledge gained to support a successful completion of the HIFMIP project on schedule and on budget. The HIFMIP Vision update will investigate options that include: 1) upgrading existing systems; 2) acquiring and implementing a new COTS solution; 3) outsourcing; and 4) cross servicing.

HUD also continues to address its financial management systems deficiencies and to bring them into compliance with FFMIA, FMFIA, and OMB Circulars A-123, A-127, and A-130. The Department is conducting independent assessments of the program offices' self-certified compliant financial systems, verifying that these systems are substantially compliant with requirements.

At the end of FY 2000, HUD had 67 financial management systems, of which 17 failed criteria for compliance with Federal standards. By the end of FY 2002, the total number of financial systems dropped to 50 due to systems consolidations, terminations and reclassifications, but the number of noncompliant systems remained at 17. Fourteen of the 17 noncompliant systems were in FHA where there was a need to replace FHA's commercial accounting system with a system that is fully compliant with the federal basis of budgeting and accounting. These 14 FHA systems were brought into substantial compliance through the FHA Subsidiary Ledger Project in FY 2003, although further improvements are scheduled as part of a phased development effort running through 2006. Whereas HUD's FY 2003 goal was to reduce the number of noncompliant systems by 3 to 14, that goal was exceeded as the number of noncompliant systems was reduced by 15 to 2. For the remaining 2 noncompliant systems, the Loan Accounting System is scheduled for remediation in FY 2004, and development of a remediation

plan for the Tenant Rental Assistance Certification System (TRACS) is pending completion of a systems compliance review and business process reengineering study.

Office of the Chief Financial Officer

HUDCAPS

HUDCAPS is the Department's General Ledger and Funds Control system. The system is comprised of:

- Baseline software, with enhancements including: general ledger, funds management, purchasing, travel, disbursements, receivables, and reporting;
- Subsystems for the tenant-based Section 8 programs;
- System interfaces, e.g., payroll, bank-card, procurement, and PAS/LOCCS; and
- Consolidated Financial Statement software (Hyperion Solution) that supports FACTS I and FACTS II reporting requirements in addition to producing the Department's financial statements.

The OCFO assessment of its core financial systems with FFMIA/JFMIP requirements has concluded that the core financial system is in substantial compliance.

Accomplishments

- Implemented upgrades to HUDCAPS to support Windows XP operating system enterprise upgrade;
- Received data quality certification at 3-sigma for PAS, LOCCS, and HUDCAPS;
- Implemented further enhancements to the configuration of the project cost accounting module of HUDCAPS to track budgets, commitments, obligations, and expenditures for Technology Investment Board Executive Committee (TIBEC)-approved capital planning initiatives;
- Maintained integrity of the PAS/HUDCAPS interface by maintaining a “near zero” level of rejects to be researched and corrected prior to month end close;
- Expanded the data available in the financial data mart and added new tools to the toolkit for deployment of reports (e.g., status of funds, project cost accounting, quality assurance, security re-certification and daily SF-132s) through web technology and new broadcast capabilities;
- Implemented improvements to eLOCCS web-based application to support inclusion of additional HUD programs; e.g. Public Housing Operating Fund utilized by PHAs to fund their operating costs;

- Implemented upgrades to HUDCAPS to support changes to governmental accounting and financial management practices;
- Improved annual review of unliquidated obligations by enhancing web-based software to incorporate administrative contracts, previously reviewed via manual process; and
- Enhanced Status of Funds reports provided to senior management to include breakout of committed balances and uncommitted balances by source year.

Planned Initiatives

- Close out three financial systems (A44D, A65A, and D08).

Budget Formulation System (EZBudget)

The Budget Formulation System, implemented in FY 1997, provides a streamlined and systematic approach to budget formulation and automates much of the manually intensive portions of the process. It also allows budget personnel Departmentwide to focus on analysis, accuracy, and a timely budget submission. EZBudget ensures the accuracy and availability of budget data and provides information to meet the requirements of Congress and OMB.

Accomplishments

- Integrated the APP with the Performance Based and Traditional Budget Justifications for the FY 2005 budget process.

Planned Initiatives

- Interface EZBudget with the TEAM system; and
- Restructure the budget format for the OMB and Congressional justifications for the FY 2006 budget process.

Section 8 Budget Outlay Support System (BOSS)

The BOSS model provides a straightforward mathematical relationship based on unit inventory and aggregated unit cost information. Calculations are based on information downloaded from a data warehouse and supplemented by forecasting parameters set by users. The model also offers a “what-if” analytical capability to assess the impact of programmatic and policy changes on outlay and budget authority requirements.

Accomplishments

- Enhanced the Budget Authority (BA) forecasting module to account for the Office of Housing's policy of issuing multiyear Section 8 contracts that require new funding authority annually. This was required by a changed policy (previous Section 8 project-based contracts were only for 1 year) and required modification to BOSS' data warehouse and BOSS' internal business rules; and
- Developed requirements for an enhanced BA forecasting module to enable users to incorporate expected inventory increases by category and track the associated BA throughout the forecast period.

Planned Initiatives

- Implement enhanced BA functionality in FY 2004.

Office of Housing/FHA

HUD has developed a Blueprint for Financial Management Systems that describes FHA's overall plans to eliminate audit deficiencies, comply with federal laws and regulations affecting financial systems, adhere to HUD's systems modernization policies, and improve financial operations. This Blueprint continues to be followed and enhanced. Key objectives of the Blueprint for Financial Management Systems include:

- Implement USSGL and credit reform accounts in the FHA general ledger;
- Implement automated funds control processes using the FHA general ledger;
- Automate FHA's interface with HUD's Departmental general ledger;
- Produce FHA financial statements and regulatory reports directly from the FHA general ledger;
- Enhance FHA cash accounting and Treasury reconciliation with automated support from the integrated financial management system;
- Enhance FHA contract accounting with automated support from the integrated financial management system; and
- Eliminate manual accounting processes and improve integration of FHA financial and program systems.

Single Family Premium Collection Subsystem – Upfront (SFPCS-U)

Accomplishments

- Completed development and implementation of case data archiving and restoration procedures in the SFPCS-U. The archiving process promotes quick response times and reduces processing time by containing database size. Inactive and completed case and accounting records are removed from the active database on a regular basis. The case record

restoration process allows system users to recall archived cases from the archive database to the active database. Approximately 5 million cases will be archived within the next year;

- Modified the mortgage insurance premium process to discontinue the bulk mailing of individual Premium Endorsement Reports to lenders, saving HUD approximately \$500,000 annually. The information the reports provided to lenders is available via HUD's website, FHA Connection, as well as from ECHO software; and
- Revised the automated premium refund authorization process to validate all refunds against a file of lenders that HUD is investigating for fraud. The revised process prevents the authorization and distribution of refunds to these lenders until the investigations are completed. To date, the software has identified 530 such refund transactions.

Single Family Claims Subsystem (SFCS)

This system is used to validate and pay claims for FHA single family mortgage insurance benefits. Projected FY 2003 volume is 86,000 claims valued at \$7.9 billion. A new claim type developed under authority of Section 601 of the FY 1999 HUD Appropriations Act was successfully launched under the ACD demonstration program with a projected FY 2003 volume of 8,140 claims valued at \$569 million.

Accomplishments

- Enhanced the lockbox process for the Accounts Receivable Subsystem (ARS) of the SFCS. Staff previously keyed the ARS collections manually after receiving the confirmation and documentation from the lockbox. The new process expedites processing of cash receipts and reduces staff time needed to manually enter data, resulting in greater speed, accuracy and efficiency in processing collections;
- Automated a new CHUMS interface to SFCS to replace the existing paper-based procedure for identifying indemnified cases. The interface automatically flags these cases and prevents payment of claims to lenders that agreed to indemnify the Department for losses on improperly originated FHA-insured mortgages;
- Revised Indemnity and Nonpayment system. This system provides HUD with a method of limiting exposure to claims of questionable origination or legitimacy. In the former systems, indemnities were entered into the Single Family Insurance System (SFIS) through a key-to-disk method. There were often substantive errors in vital information. With this enhancement, all indemnities are entered through CHUMS, which is the system of record. Authorized users may update the status of the indemnity; the date documentation is received, and comments through SFIS. The enhancement has also created a separate Nonpayment Order Table. Nonpayment Orders are entered online by the SFIS group. The Indemnity and Nonpayment records affect the payment of claims immediately; and

- Initiated a new FHA Connection feature to allow lenders to submit conveyance and pre-foreclosure sale claims for FHA mortgage insurance benefits via this web-based application with nationwide roll out anticipated for December 2003.

Debt Collection Asset Management System (DCAMS)

DCAMS consists of two “sister” systems: Debt Management Collection System (DMCS) and HUD Generic Debt System (HGDS). DMCS is used for servicing Title I debts and HGDS is used for servicing FHA single family debts. These systems are used by the Financial Operations Center to perform a full range of debt collection and financial activities including billing, dunning, credit bureau reporting, Form 1098 and 1099 reporting and referral of debts to Treasury’s collection programs as mandated by the Debt Collection Improvement Act.

Accomplishments

- Enhanced the system to create the new accounting classification, Currently Not Collectable, as specified in OMB Circular A-129. This enhancement resulted in over \$200 million in HUD debt being written off; and
- Enhanced the system to revise the automated letter (Demand and Notice of Intent) process. This enhancement will modify the current demand cycle to change the number of demand letters to one all-inclusive letter and will modify the Notice of Intent letter to include new requirements. This enhancement will quicken the referral cycle to Treasury’s debt collection programs as recommended by the GAO and the Treasury.

Title I Insurance System (TIIS)

TIIS provides operational and management support for the execution of the Title I Property Improvement and Manufactured Home Loan Programs. The system supports all the Title I insurance and claims functions including examination and acceptance of new loans for insurance, premium billing and collection, reserve monitoring, and all claims processing functions.

Accomplishments

The majority of the core enhancements needed to address the GAO’s findings of weakness in the Title I program (refer to GAO Document 98-177, “Weaknesses in HUD’s Management and Oversight of the Title I Program”) have been completed by the GAO/FHA Connection Initiative. These enhancements include building the required screens for the FHA Connection, adding additional data fields to the system database, modifying system screens, etc. These enhancements will allow HUD to gather more data on borrowers at the front-end of the program and will allow lenders to report new loan data and refinance data electronically.

Community Planning and Development

Integrated Disbursement and Information System (IDIS)

IDIS is the mainframe system for grantees to report accomplishments and to draw down funds to support the completion of these activities. The primary purpose of IDIS is to enable HUD grantees, including entitlement communities, urban counties, consortia, and states, to draw down program funds and report on the activities outlined in each jurisdiction's Consolidated Plan. IDIS programs are the CDBG program, the HOME Investment Partnership Program (HOME), Emergency Shelter Grants, and Housing Opportunities for People with AIDS.

Accomplishments

- Initiated a fixed-price, performance-based small business contract for the maintenance of the IDIS data system;
- Completely re-worked the data entry screens for the HOME program to make the data entry screens clearer and added additional edits to help facilitate entry of better accomplishment information;
- Modified IDIS to correctly process LOCCS adjustment transactions;
- Modified IDIS to prevent grantees from creating multiple draw vouchers simultaneously and drawing more money than obligated for activities;
- Built detailed edits into IDIS to address CDBG displacement data;
- Modified IDIS to collect the race of beneficiaries using the Department's new 10 race categories;
- Added functionality to IDIS to better account for accrual of CDBG expenditures; and
- Modified IDIS to allow grantees to create HOME subgrants, eliminating the need for HUD HQ to create them manually.

Public and Indian Housing

PIH is currently undergoing a comprehensive review of its Enterprise Architecture (EA). This process will document business process models within PIH and map out current systems and future systems needs. PIH EA will serve as a blueprint for all systems development work in the future. This process will ensure that there is a documented blueprint that shows and provides the needed inter-relationships between information systems within PIH and selected Departmental systems.

Accomplishments

- Provided enhancements to the automated system that provides data to Public Housing Agency, Owner and Agent (POAs) for re-certification of tenants;
- Retired the operations of the Regional Operating Budget and Obligation Tracking System and the Integrated Business System;
- Implemented improvements to PIC that have substantially improved its utility including: 1) improvements to the 50058/Multifamily Tenant Characteristics System module in PIC that have resulted in the reporting rate for vouchers climbing to 97 percent; 2) improvements in the accuracy of scoring in the Section 8 Management Assessment Program module in PIC; and 3) improvements in the risk assessment module in PIC; and
- Implemented a new module in PIC to track the status of demolition/disposition activity.

Planned Initiatives

- PIH plans to initiate a significant number of upgrades to PIC in line with its developing EA. These upgrades will take advantage of an improved technical architecture that is being developed through the EA effort. These enhancements include: 1) automation of management of the Housing Choice Voucher program; 2) developing automation for the Operating Fund; 3) developing automation support for the Capital Fund to enable improved tracking of obligations by PHAs; and 4) developing automation support of field office monitoring; and
- PIH plans to develop a system to track the performance of Tribally Designated Housing Entities to provide accurate and comprehensive performance data for its Native American programs.

Upfront Income Verification System

The Upfront Income Verification (UIV) system is a major initiative in RHIIP since income verification correlates highly with reducing errors in the housing programs. The UIV system will help to: 1) track and measure the effectiveness of using automated income verification to reduce errors in HUD's rent subsidy programs; and 2) to provide necessary income data from various government and private sources to PHAs in near real-time fashion to minimize subsidy overpayments in various HUD assisted programs. The Tenant Assessment Sub-system (TASS), which is managed by HUD's Real Estate Assessment Center, is a component of the UIV system, which provides monthly matches with the Social Security Administration for Social Security (SS) and Supplemental Security Income (SSI) data. Approximately 75 percent of PHAs have implemented TASS into their upfront verification process of tenant reported income.

Accomplishments

- Completed UIV system design;
- Enhanced the system to allow PHAs to reconcile income discrepancies in tenant reported SS benefits;
- Successfully imported wage and unemployment compensation data for two states (Florida and Texas) into the system; and
- Successfully imported wage and unemployment compensation data into the system to provide PHAs additional income data for participant reexaminations. Under a HUD-sponsored pilot, a select group of PHAs in the states of Florida and Texas are actively using the enhanced TASS system.

Planned Initiatives

- Implement UIV system in 20 states by the end of FY 2004;
- Implement system nationwide by FY 2005;
- Convert system over to Structured Query Language from Oracle platform;
- Enhance system to conduct additional income matching activities with different sources;
- Enhance system to allow receipt of ad-hoc requests for various income data from PHAs;
- Enhance system to track effectiveness of using automated income verification to reduce subsidy payment errors in HUD assisted programs; and
- Upon enactment of H.R. 1030, which authorizes data comparison against the National Directory of New Hires (NDNH) database, import NDNH data into the system.

Office of Administration**HUD Procurement System (HPS)**

HPS operates in Headquarters and field contracting offices. The primary function of the system is to track and manage formal contract activity from the advanced procurement planning stage through the request for contract services, solicitation, award of the contract instrument and post-award contract administration, concluding with contract close-out.

HPS allows program offices to send plans and requests to their servicing contracting office (Headquarters or one of the three field contracting operations sites: Philadelphia, Atlanta, or Denver). Program offices can also use HPS to obtain status information about contract actions in

process. Contracting staff use HPS to track and manage their workload throughout the procurement cycle as described above. HPS provides one source for centralized reporting of formal contracting activity to satisfy both internal and external Departmental reporting needs.

Accomplishments

- Entered, tracked, and reported all Departmental formal contract activity for the Headquarters and field office levels in HPS procurement management system, combining pre- and post-award business processes. For FY 2003, this consists of approximately 4,000 formal contract actions totaling over \$1 billion;
- Released two system upgrades which included the following financial management improvements:
 - Significantly increased operational speed of interface with HUDCAPS to reduce transactional time for recording of procurement commitments and obligations;
 - Upgraded system security by matching HPS user table to HUDCAPS user tables; and
 - Added description field to funding lines transmitted from HPS to HUDCAPS.

Small Purchase System (SPS)

SPS operates in Headquarters and field offices with delegated purchasing authority. SPS automates the high-volume, low-dollar value simplified acquisition business process. SPS tracks, records, and prepares documents for small purchases, which are generally \$100,000 or less. An interface from SPS to HUDCAPS provides real-time recording of procurement funds, reservations and obligations in both systems.

Accomplishments

- Entered, tracked, and reported all Departmental simplified acquisition activity (excluding credit card transactions) at Headquarters and field office levels;
- Recorded over 3,000 small purchase transactions in SPS with an estimated \$30 million in procurement obligations in FY 2003 linked by interface from SPS to core accounting (HUDCAPS) systems; and
- Released two system upgrades which included the following financial management improvements:
 - Significantly increased operational speed of interface with HUDCAPS to reduce transactional time for recording of procurement commitments and obligations; and
 - Upgraded system security by matching SPS user table to HUDCAPS user tables.

Planned Initiatives (for HPS and SPS)

- Continue HPS/SPS operations and adaptive maintenance upgrades in accordance with procurement business process improvements and regulatory change;
- Modify HPS/SPS as needed to serve as HUD feeder systems for new Federal Procurement Data System – Next Generation;
- Link HPS/SPS to Central Contractor Registry and other features of governmentwide Integrated Acquisition Environment;
- Initiate planning, market search, and business case activities for FY 2007 replacement of HPS/SPS; and
- Through a joint work group effort by OCPO, OCFO, FHA, and GNMA, improve HUD's acquisitions management by developing a comprehensive reporting capability on all HUD contract obligation and payment information through the financial management data mart.

HUD Integrated Human Resources and Training System (HIHRTS)***Accomplishments***

- Continued progress on HIHRTS, which will replace 17 existing systems and support workforce planning, succession planning, forecasting and identification of staff competencies. Awarded a contract for software acquisition and product support services.

Planned Initiatives

- Award the HIHRTS Independent Verification and Validation (IV&V) and HIHRTS Integration and Implementation (I&I) contracts;
- The IV&V vendor will test the selected software, review documentation, and work with the HIHRTS Project Team to insure each module is implemented correctly; and
- The I&I vendor will complete and implement HIHRTS, business process re-engineering, change management, system configuration, data and system conversion.

e-Government

The Departmental e-Government Program is a strategic effort to bring HUD into compliance with the GPEA and the President's mandate to provide better, more efficient government services and increased accountability to citizens primarily through the use of the Internet.

The section of this document on Expanding Electronic Government (p. 8-11) contains the Department's accomplishments and planned initiatives relating to e-Government.

IT Capital Planning and Investment Process

HUD's ITIM policy establishes a formal framework and institutionalizes a process that is aligned with the agency's mission, business objectives, and strategic goals. This is accomplished through the linking of HUD's IT investments with the activities and requirements of key business stakeholders involved with the budget formulation and execution, IT acquisition, capital planning and administration. All IT investments are clearly linked to HUD's APP.

HUD's IT portfolio selection is driven by a combination of quantitative and subjective criteria that is defined by HUD's TIBEC and includes measures such as mission support, agency priorities, material deficiencies, project risk, project management controls and alignment with the Department's EA. During FY 2003, HUD continued to mature and institutionalize its ITIM process by integrating EA analysis into the ITIM process.

Accomplishments

- The TIBEC approved updated selection criteria for IT projects that included criteria for e-Government, PMA, Secretarial priorities, IT Security, and the resolution of GAO and OIG recommendations. The TIBEC provided the relative weights for these criteria to set the priorities for future portfolios;
- Integrated EA analysis more fully into the selection process for the IT Portfolio. IT projects were required to demonstrate alignment with the target architecture or show how they are streamlining systems to eliminate redundancy;
- ITIM supports regular Project Management Review Board (PMRB) meetings. In FY 2003, the PMRB met twice a month to review HUD's major IT projects. Action items are tracked and resolution reported back to the PMRB. Troubled projects may have their funds held in reserve until the project gets back on track;
- Conducted IT portfolio control reviews in March, May, and August 2003 to monitor project progress against cost and schedule baselines and to take corrective action as necessary; and
- Recommended a tool for earned value in HUD project management to meet OMB requirements in updated OMB Circular A-11.

Planned Initiatives

- Enhance the annual select process for IT initiatives to better link IT funding with improvements in business operations. Revise initiative scoring criteria annually to ensure current priorities are reflected;

- Evaluate IT projects with a focus on mission performance and organizational benefit, either through formal, detailed interim or post-implementation reviews; and
- Implement the new Information Technology Investment Portfolio System II tool, which will provide improved usability and additional capabilities to support IT investment management.

Enterprise Architecture (EA)

The EA Initiative is developing and implementing an EA Practice that is compliant with the Clinger-Cohen Act of 1996 and best industry practices in strategic IT implementation planning. Using the Federal Chief Information Officer Council recommendations and a process model adapted specifically to HUD's needs, the EA Practice documents and analyzes the current state (baseline) of the Department's IT inventory, develops future state EA objectives, provides inputs into the IT Capital Planning Process and creates transition plans with the involvement of HUD programs and IT development and operations.

Accomplishments

- Developed and published a Future State Technical Architecture Framework that, when implemented, will streamline systems and reduce their costs by 40 percent;
- Re-established critical working relationships between Office of the Chief Information Officer (OCIO) and HUD's oversight agencies: OMB, GAO and OIG;
- Developed a long-range plan, IT Lifecycle Integration, to provide an architecturally-driven, world-class delivery of information technology to HUD's program areas, enterprise-wide;
- Developed enterprise-wide technical guidelines for application delivery;
- Developed modernization blueprints for Rental Housing Assistance and Case Tracking and Management;
- Led the development of an EDM Practice, which resulted in the assessment and certification of eight data sets and the data management guidebook;
- EA Practice released Single Family Housing (SFH) Blueprint which will reduce the number of SFH systems by nearly 80 percent; and
- Developed the Security Layer and Security Plan for the Enterprise Architecture Management System (EAMS), awarded the contract for making enhancements to the EAMS to meet growing needs and deployed EAMS to 220 users.

Planned Initiatives

- Develop Grants Management modernization "blueprint"/Segment Architecture. Spanning all grant programs, the initiative will combine the needs of integrating and streamlining diverse grant management programs and systems of the Department with goals, and priorities of the federal e-Grants initiative;
- Approve Target Technical Architecture;
- Develop EA Transition Plan and EA Information Management Plan;
- Develop and manage the HUD IT strategic planning process;
- Implement the EA Target Architecture for the Office of Single Family Housing (SFH);
- Develop modernization "blueprint"/Target Architecture for the financial resource management business function;
- Enhance EA Framework to include work force, performance, and security;
- Attain full integration between EA and Capital Planning and Investment Control;
- Reach GAO maturity level five; and
- Roll out the EAMS repository to a larger audience, and make it available on the Internet.

HUD e-Grants System

One of the 24 initiatives of the overall e-Government program for improving access to government services via the Internet is e-Grants. Under this initiative, HHS and OMB are developing an agencywide e-Grants Store Front, www.grants.gov. This one-stop, electronic storefront, which becomes operational in FY 2004, will allow potential grantees to locate, apply for and manage funding opportunities online. It will also help meet Public Law 106-107 mandates, which require that federal agencies simplify and streamline grant processes. It will also provide an electronic option for grantees to conduct business with the federal government. In FY 2005, federal agencies are required to use this system. In order to meet this requirement, HUD did the following:

Accomplishments

- Initiated plans to provide a Departmentwide centralized back-end processing system, which will link to www.grants.gov. The HUD e-Grants System will handle all stages of pre-award and post-award grant processing. It will interface with HUD's core accounting system to manage fund accounts and forward valid payment requests to the accounting system for disbursement; and

- Initiated the development of a Concept of Operations (ConOps), HUD's roadmap to requirements definition, planning, and development of a grants management system. The anticipated completion date for ConOps is December 2003.

Data Quality

Over the years, HUD's program offices have developed a large number of data systems for a variety of business purposes such as controlling financial resources, tracking administrative procedures and recording program impacts. Program offices have employed disparate data practices and definitions that have resulted in data integrity issues for the Department as a whole, which have been cited in numerous audits and congressional reports on HUD's inability to meet the information needs of program area managers. The Office of Administration has launched an enterprise-wide initiative, the Data Quality Improvement Program (DQIP), to address HUD's information quality deficiencies.

The DQIP goal, with concurrence from all Departmental areas, is to define short- and long-term approaches to identify, assess, report, and continually improve the overall quality of HUD's data. The goal for implementing an EDM program is to make mission critical data available to the business users in an efficient manner. A representative from each program office has been designated to serve as a member of the Data Control Board (DCB) and serve as the liaison between the DCB and the Program Office.

Accomplishments

- Drafted the Total Information Quality Management Handbook;
- Revised the DCB charter to include enterprise data management responsibilities;
- Co-chaired the Electronic Standards Working Group, supporting the grants.gov Program Management Office in the development of grants management data standards; and
- Performed data quality assessments on eight HUD information systems, and certified eight HUD information systems as meeting HUD data quality standards.

Planned Initiatives

- Complete the data quality assessment and certification of HUD information systems used to support APP reporting;
- Develop and implement an internal enterprise data architecture that enables HUD to be an effective partner in the e-Government initiatives; and
- Identify and develop all data standards required to support implementation of HUD's target enterprise architecture, focusing on grants management data standards.

Enterprise Data Delivery Service (EDDS)

Data warehousing and decision support applications have become a key method for organizations to gain a view into current and past business activities and trends. These systems have enabled organizations to pull together islands of data and information into a cohesive, informative source. This information source has the potential to help business users and executives learn and assess the activities of the organization or enterprise, its customers and external influences and thus, make better, and more well informed decisions. EDDS is a major HUD initiative designed to create and deliver a single authoritative, integrated, data warehousing and decision support environment to the Department's business analysts and executive decision makers. EDDS's goals are to:

- Improve data quality and definitions;
- Deliver integrated quality information across HUD;
- Reduce redundancy in HUD's data;
- Improve corporate information sharing throughout HUD; and
- Improve corporate information access throughout HUD.

Accomplishments

- Completed a preliminary analysis of HUD's corporate information environment;
- Developed an enterprise data warehousing strategy aligned to HUD's business goals and objectives;
- Completed the evaluation of data extraction and cleansing tools for the enterprise warehouse environment; and
- Completed development of geo-spatial business intelligence application prototypes.

Planned Initiatives

- Establish a Steering Committee to guide the future direction of the EDDS;
- Complete an enterprise-wide metadata repository and Data Element Registry;
- Collect 80 percent of HUD's core data elements by area such as Grants, Housing, Administration, and Financial;
- Integrate geographic information from the U.S. Census Bureau, the Environmental Protection Agency (EPA), the Geocode Service Center, and the Enterprise Geographic Information System into the Enterprise Data Warehouse (EDW); and

- Continue to expand the EDW and other vital data delivery services (e.g., point of entry data validation, metadata exchange, etc.) in response to the growing analytical needs of the enterprise and the Department's evolving role in the e-Government initiatives.

FINANCIAL MANAGEMENT SYSTEMS STRUCTURE

Target Structure for Financial and Mixed Systems

Office of the Chief Financial Officer

HUD Integrated Financial Management Improvement Project (HIFMIP)

HUD's core accounting system and general ledger is the HUD Centralized Accounting and Program System (HUDCAPS). It is a customized COTS version of American Management Systems' Federal Financial System. The system was introduced in 1994 as HUD's subsidiary ledger, and was enhanced in FY 1999 to become the Department's core general ledger. Today, the system supports financial requirements for budget execution, funds control, reservations, obligation processing, accounts payable, accounts receivable, and financial reporting.

Although the current core general ledger system is substantially compliant with federal financial system requirements, not all of HUD's financial reporting and internal control needs are met. With a new system, HUD expects to meet the following goals:

- Consolidation of financial systems (both within OCFO and Departmentwide);
- Improved funds control at all levels;
- Creation of user-friendly system interfaces;
- Careful attention paid to data quality issues;
- Employ clear relationship to budget formulation;
- Direct access to standardized, accurate, timely information;
- Minimization of expensive customization;
- Productivity improvements; improved staff focus on providing better analytical information;
- Lower per-transaction processing costs;
- Linkage of agency performance to costs; increased capability to accurately measure and report on program costs, and maximize return on investment; and
- Efficient reporting and FY end closings.

In addition, federal oversight agencies have repeatedly cited HUD's lack of an integrated financial management system as a material audit weakness. A recommended solution is to improve the core general ledger to manage the flow of financial information across all of HUD's information systems. The envisioned system must be compliant with JFMIP, FFMIA, and the current HUD EA.

In a February 27, 2002, audit report of HUD's Financial Statements for FY's 2001 and 2000, the HUD OIG recommended that OCFO "Initiate and complete independent and unbiased feasibility and cost-benefit studies for the Departmental General Ledger project." To accomplish this, HUD has initiated HIFMIP. As a first step, OCFO plans to update the HUD Financial Management Vision in an effort to verify the current flow of financial information, identify systems challenges, and provide recommendations for development of an integrated HUD

financial management system or process. Knowledge and learning from the Vision will provide a framework for creation of feasibility, cost/benefit, and risk analyses that will determine a new financial management systems approach.

A key financial management requirement is to implement a modern core general ledger that manages the flow of financial information across HUD's information systems, is compliant with the JFMIP requirements and supports the HUD EA and e-Government.

During this initiation phase, to be completed in August 2004, HUD will analyze business processes and system alternatives as well as the strategy and implementation plan in accordance with the HUD SDM Initiate Phase. Current HUD applications will be maintained until a decision is made on the business and financial system strategy and options.

Accomplishments

- Benchmarked the integrated financial systems implementation projects of seven other federal agencies (including FHA) and issued a lessons-learned and best practices report;
- The new CFO and Assistant CFO for Systems re-scoped and re-directed the project to include all HUD financial systems, including FHA and GNMA;
- Commenced the HIFMIP initiative in January 2003. The initiative includes a broad mandate to perform a thorough and unbiased analysis to update the FY 2000 Vision;
- HIFMIP issued the initial RFQ for services to update the Vision in April 2003. The contract award was completed in June 2003 and met OMB requirements for HUD to receive a "green" on the PMA Scorecard for efforts to improve financial performance;
- Convened the HUD Executive Advisory Committee in January 2003 to introduce HIFMIP and seek support from senior management; and
- Established the HIFMIP Working Group in April 2003 with initial assignments directed by the Executive Advisory Committee and later broadened to include most HUD organizations to the extent feasible.

Federal Housing Administration

The FHA Subsidiary Ledger Project, which is part of the "Blueprint for Financial Management Systems," will be executed in phases allowing FHA to plan and execute remedies for its financial system deficiencies in manageable steps:

- **Phase 1:** FHA has identified the insurance systems that provide FHA accounting information. FHA has designed and developed software to extract automated records from each system that will meet Federal Generally Accepted Accounting Principles (FedGAAP) requirements, including SGL and credit reform classification. These records are currently

generated and stored to support testing and implementation of the PeopleSoft (PS) general ledger module. Because FHA was able to develop bridge software to extract these records, it can implement the core financial system software in Phase 2, without first replacing or modifying 20 different insurance systems;

- **Phase 2:** FHA acquired a JFMIP core financial management system from PS. Initially in Phase 2, FHA replaced the Management Sciences of America application with the PS general ledger module, automated the interfaces with HUD's Departmental general ledger, and produced financial statements directly from the new FHA general ledger. Later in Phase 2, FHA will implement other PS accounting modules, including accounts receivable and collections, accounts payable and payments, and a projects module that will integrate transactions relating to FHA insurance cases, claims, and contracts. These later modules will enhance FHA's cash processing and reconciliation with Treasury as well as case, claims, and contract accounting; and
- **Phase 3:** FHA will modify or replace the insurance systems that produce accounting information to improve the integration of its financial management functions, eliminate reconciliations and manual processing, and advance the timeliness of financial reporting. FHA will also implement a web-enabled version of the PS accounting software to support field operations.

FHA has made considerable progress in executing the "Blueprint For Financial Management Systems." Development of the bridge software in Phase 1 allowed FHA to focus on implementing new core financial software before upgrading its legacy insurance systems. Through FY 2001, FHA accountants tested the bridge software and validated the feasibility of using the existing legacy data to meet FedGAAP requirements.

FHA began Phase 2 by selecting JFMIP-compliant COTS financial software from PS, as it best meets FHA's detailed requirements and offered the best prospects for successful implementation because it requires relatively little effort to set up for FHA use and would require no modifications to the software. FHA licensed modules from PS integrated financial system product line that perform the following functions:

- General ledger with financial statement reporting;
- Fund accounting and funds control;
- Payment management (accounts payable and payments);
- Receipt management (accounts receivable and collections);
- Electronic transaction processing (e-Government functions); and
- Project accounting (integrated accounting for insurance cases, claims, and contracts).

During FY 2002, FHA completed installation and configuration of the General Ledger accounts and funds control function of the PS general ledger module for user training, user acceptance testing, and parallel testing. FHA also configured the PS reporting functions to produce essential federal financial statements from the general ledger using the USSGL chart of accounts and classifications required for federal credit programs.

In October 2002, FHA implemented a new general ledger using the USSGL at the transaction level, capable of tracking budgetary resources, performing checks for funds availability, and generating FHA's financial statement reports automatically from general ledger account balances. During FY 2003, FHA has been preparing to implement a web-enabled PS product (upgrading from PS Financials version 7.5 to version 8.4) in October 2003. In addition, FHA is integrating its centralized funds control, cash management, and contract accounting operations into the new core financial software. This integration is due for completion in FY 2004.

By phasing these decisions, FHA can apply the planning and analysis each requires, thereby enhancing the overall success of the program. The major determining factors for the order of implementation are the FHA financial statement audit findings, material weaknesses and reportable conditions and financial system deficiencies identified through other oversight reviews by HUD's OIG, OMB, and GAO.

Phase 3, the last phase of the project, is scheduled to begin in FY 2004. In Phase 3, the FHA Subsidiary Ledger project will revisit approximately 20 interfaces between the new core financial system and the insurance systems supporting financial operations within FHA's program offices. This includes in particular the Office of Financial Services, the Office of Single Family Program Development, the Office of Single Family Asset Management, and the Office of Multifamily Development. These offices are responsible for financial operations such as accounts payable, payments, accounts receivable, billing, collection, and funds control functions that are fully supported within FHA's new core financial system.

FHA will review each insurance system and analyze the capability of the FHA Subsidiary Ledger software to support its functions. This analysis will enable FHA to plan for one of three possible outcomes during Phase 3. First, the FHA Subsidiary Ledger software will be able to perform all of the functions of some systems. FHA will integrate the operations performed by these systems with the FHA Subsidiary Ledger, replacing them in their entirety. Second, where the interfacing systems perform substantial program functions, total replacement may not be feasible or desirable. In these cases, FHA will improve the current interfaces with the FHA Subsidiary Ledger. Interface improvements may include more detailed or time transactions, additional automation of manual processes, or simplifying the current interface process by eliminating the intermediate crosswalks and look-ups used in Phase 1 and Phase 2. Third, the program offices that own some of these systems may be planning to re-engineer them because they have reached the end of their useful lives because of technological or functional obsolescence. FHA will participate in re-engineering efforts with the program offices that own these interfacing systems and provide software to support financial operations in their solutions. By the end of Phase 3, FHA will perform its financial operations with a smaller number of better-integrated systems, improving the effectiveness and timeliness of information available for financial operations and management.

FHA has developed a two-part Project Plan to manage phased activities while maintaining program focus on the overall goals and objectives of the Blueprint for Financial Management Systems. FHA's Master Project Plan defines the purpose of the overall project, and outlines FHA's approach to improving its financial systems in several phases. A second, more detailed

Phase 2 Project Plan defines resources, budget estimates, and tasks for current work. FHA will update the current Project Plan each year as work moves through each phase of the program.

Currently, the timeframes associated with the phased project plan are:

Phase 2: Implement a new FHA general ledger to automate FHA headquarters' funds control processes, financial statement reporting, and updates to the Departmental general ledger;	Completed
Phase 2: Automate funds control processes for FHA field offices;	February 2004
Phase 2: Implement new FHA payment and collection software to improve FHA's accounting operations; and	February 2004
Phase 3: Integrate or replace FHA insurance systems with the FHA Subsidiary Ledger software to improve accounting and insurance operations.	December 2006

Accomplishments

- In October 2002, FHA achieved the first major milestone by implementing a new general ledger module using the USSGL chart of accounts and classifications essential to federal credit programs. With this step, FHA now has the capability to record and track budgetary resources, control expenditures against available resources, and automatically produce financial statement reports directly from the general ledger.

FINANCIAL MANAGEMENT SYSTEMS STRUCTURE

Critical Projects to Move from Baseline to Target

The Department currently has in place several initiatives that will shape its financial management systems environment for the future. The OCFO and respective program offices are committed to improving cash reconciliation processes; strengthening reporting and general ledger integrity; improving security and controls; and addressing audit findings.

HUD Integrated Financial Management Improvement Project

The OCFO re-defined and re-scoped the DGL to HIFMIP to include all HUD financial systems, including FHA and GNMA. The HIFMIP initiative started in January 2003 and issued a new RFQ and contract award to obtain the resources and skills required to conduct a complete review, analysis and update of the FY 2000 Financial Management Vision. The new Vision will include HUD's commitment to fix HUD financial systems, and include new requirements and mandates promulgated by JFMIP, e-Government, the PMA, and the Federal Enterprise Architecture Framework. The HIFMIP Vision update will investigate options that include: 1) upgrading existing systems; 2) acquiring and implementing a new COTS solution; 3) outsourcing; and 4) cross servicing.

Nine agencies (Departments of Homeland Security, Energy, Interior, Justice, Agriculture, Labor, EPA, HHS and HUD) have formed the Financial Management Line of Business Inter-Agency Project Team to examine methods for improving the efficiency and functionality of core financial management systems throughout the government. A core financial management system includes: general ledger, accounts receivable, accounts payable, project cost accounting, funds management, and reporting. The project's collaborative approach expands value beyond the individual agencies to focus on governmentwide improvements, leveraging agency expertise and buying power and working to standardize systems and processes among the agencies. Plans call for agencies to identify common needs, best practices, and specific areas for improvement. The objectives of the Financial Management Line of Business Inter-Agency Project Team are to standardize business processes across agencies where appropriate and identify opportunities for reducing redundant investment in core financial management systems by using an inter-agency approach. In addition to supporting three specific PMA areas, leveraging best practices from interagency collaboration will reduce the government's cost of acquiring, implementing and maintaining financial business systems.

FHA Subsidiary Ledger Project

The FHA Subsidiary Ledger Project will eliminate long-standing audit deficiencies, provide FHA with a SGL- and JFMIP-compliant general ledger, adhere to HUD's systems development methodology, and improve financial operations. The project will proceed in a phased approach based on detailed analysis and planning. The general ledger was implemented in October 2002. The project will be completed in December 2006.

Data Quality and Standardization

Over the years, HUD's program offices have developed a large number of data systems for a variety of business purposes, such as controlling financial resources, tracking administrative procedures, and recording program impacts. The Office of Administration has developed its EDM/DQIP in response to persistent internal and external audit findings of deficiencies in the quality of the Department's data.

The Office of Administration is engaged in a multi-year program of systematic, independent assessment of the quality of mission critical data at the Department. In addition, HUD is engaged in the development and implementation of an internal enterprise data architecture that will enable HUD to be an effective partner in e-Government initiatives. Key to successful implementation is the development and adoption of data standards, particularly for grants management.

Financial Systems Compliance Reviews

The Department remains committed to a financial management systems inventory that is substantially compliant with the requirements of FFMIA, FMFIA, JFMIP, OMB Circulars A-123, A-127, A-130, and related regulatory and statutory requirements. While significant progress has been made in this area, the Department will continue to enhance its systems review process and educate project managers on the importance of compliance with federal financial management systems requirements. The Department continues to conduct independent assessments of the program offices' self-certified compliant financial systems, verifying that these systems are substantially compliant with requirements.

IT Capital Investment and Planning

HUD's ITIM initiative establishes a formal framework and institutionalizes a process that is aligned with the agency's mission, business objectives, and strategic goals. This is accomplished through the linking of HUD's IT investments with the activities and requirements of key business stakeholders involved with the budget formulation and execution, IT acquisition, capital planning, and administration. All IT investments are clearly linked to HUD's APP.

HUD's IT portfolio selection is driven by a combination of quantitative and subjective criteria that is defined by HUD's TIBEC and includes measures such as mission support, agency priorities, material deficiencies, project risk, project management controls, and alignment with the Department's EA. During FY 2003, the Office of Administration continued to mature and institutionalize its ITIM process by integrating EA analysis into the ITIM process.

GRANTS MANAGEMENT

GRANTS MANAGEMENT

The Department has over 63 active grant programs administered by six program areas obligating and monitoring approximately \$28 billion of HUD's \$31 billion budget each year. The main goal of the Department is to ensure effective management and delivery of our grant programs to our clients and the residents of the communities, which are receiving HUD assistance.

In August, the Office of Departmental Grants Management and Oversight issued HUD's second annual report to Congress on agency accomplishments towards streamlining application and reporting requirements, as required by the Federal Financial Assistance Management Improvement Act of 1999 (Public Law 106-107). This report addresses HUD's involvement in the governmentwide grants streamlining efforts as well as HUD's internal initiatives in each of the following areas:

- Improving the effectiveness of HUD's Financial Assistance programs;
- Simplifying grant application and reporting submissions and processes;
- Improving the delivery of services to the public; and
- Facilitating greater communication among those responsible for delivering services.

Accomplishments

Participation in the Governmentwide Streamlining and Grants.gov Efforts

- Participated in Public Law 106-107, the Federal Financial Assistance Management Improvement Act of 1999, Work Group meetings to streamline, simplify and consolidate grant program application submission and reporting requirements; and, identify obstacles in federal programs that present barriers to consolidation and streamlining of grant programs;
- Chaired the Real Property Reporting Subcommittee under the Post-Award Reports Sub-group, responsible for identifying means of streamlining and simplifying existing real property post-award reporting requirements governmentwide;
- Chaired the Post-Award Subcommittee Group responsible for developing common environmental reporting requirements and developing recommendations for standardizing the reporting requirements for grantees on a governmentwide basis and establishing government environmental guidance and policy; and
- Served as a member of the Grants.gov Executive Board.

Internal Efforts to Create an Environment Conducive to Grants Streamlining and Simplification

- Processed all products from the Public Law 106-107 Work Groups to ensure streamlining and simplification objectives are viewed as applicable to all types of grants, including mandatory grants;
- Provided information on streamlining Federal Financial Assistance and e-Grants initiatives to our external clients via the SuperNOFA General Section and a SuperNOFA form, “You Are Our Client,” which solicits client comments and suggestion for improving the application funding process;
- The Office of Fair Housing and Equal Opportunity, Office of Housing, and PIH are supporting the e-Grants streamlining and simplification initiatives and the PMA for e-Government. They are ensuring that all of their formula and competitive grantees are aware of the Grants.gov initiatives; and
- The Office of Healthy Homes and Lead Hazard Control and the Office of Housing have identified grantees to participate in the www.grants.gov/APPLY pilot.

Preparing for the Recent and Coming Changes Affecting the Pre-Award Process

- Posted all of HUD’s FY 2003 SuperNOFA programs to www.Grants.gov/FIND;
- Expanded proposed e-Grants common data elements to ensure that PHAs and Indian Tribal governments and Tribal entities are recognized in the e-Grants system as distinct entities, allowing HUD and other federal programs to track assistance provided to them;
- Mapped the data elements for 52 active grant programs and or systems to the e-Grants 194 data set; and
- Engaged in modeling the data to establish common core plus data elements and eliminate unnecessary elements. The result will be data reported in a more consistent manner and data that can be used by HUD’s management and external sources.

Efforts that Support the Objectives of Public Law 106-107

- Completed the sixth annual SuperNOFA, HUD’s consolidated NOFA. The FY 2003 SuperNOFA contains notices of funding availability for approximately \$2.3 billion in HUD program funds covering 43 grant categories within programs operated and administered by HUD offices, provides a uniform format, and consolidates the program announcement;
- Implemented the use of a HUD standard award form for discretionary grant program awards and a standard award form for formula program (HUD-1044-E and F, respectively);

- Provided five training sessions for approximately 1,228 HUD recipients on the OMB Cost Principles;
- Streamlined the OMB approval process by submitting the Logic Model, Race and Ethnicity Data Reporting, and Survey on Ensuring Equal Opportunity Applicants forms for approval and use by multiple HUD grant programs; and
- Selected the ASAP.gov application of the U.S. Treasury Department as HUD's grants payment application.

Planned Initiatives

- Implement the Federal Financial Assistance Management Improvement Act of 1999 by:
 - improving the effectiveness and performance of federal financial assistance programs;
 - simplifying federal financial assistance application and reporting requirements;
 - improving the delivery of services to the public; and
 - facilitating greater coordination among those responsible for delivering the services.
- Establish grants management as a core function of the Department and pursue the concept of establishing a certification program in grants management to train employees responsible for managing grant programs on core grants management functions. Upon successful completion of the course work, employees would receive a certification as a grants management professional. The certification program and requirement would enhance the Department's efforts to elevate the importance of grants management to the Department's mission;
- Develop an automated monthly report on grant obligations per grant program to more effectively monitor the obligation and expenditure of grant program funds;
- Continue publishing the SuperNOFA while continuing to consolidate and streamline program application submission requirements and standardize submission forms in keeping with the requirements of Public Law 106-107, the Federal Financial Assistance Management Act of 1999;
- Develop a centralized system for federal financial assistance programs (review, award, announcement, monitoring and management) that will link with the Grants.gov office functionality. The e-Grants initiative focuses on centralizing agency information and services into one-stop portals; however, processing of information and services will take place at the agency level. The HUD e-Grants system is proposed as an enterprise-wide solution and part of the Department's business process re-engineering effort for the

streamlining of grant reporting. That includes linking with HUD's financial and existing legacy systems;

- Develop Grants Management Policy Handbook that: 1) reflects the new re-engineered business process for grants in the Department; and 2) provides advice and guidance for HUD staff who are new to the process of grants; and
- Work with program offices to re-engineer business processes to ensure the effective and timely management of grant funds.

REMEDATION PLAN FOR NONCOMPLIANT FINANCIAL MANAGEMENT SYSTEMS

- **Status of the Remediation Plan for Noncompliant Financial Management Systems**
- **Systems Not in Compliance with OMB Circular A-127 and/or the Federal Financial Management Improvement Act (FFMIA)**

Remediation Plan for A21 – Loan Accounting System

REMEDIATION PLAN FOR NONCOMPLIANT FINANCIAL MANAGEMENT SYSTEMS

Status of the Remediation Plan for Noncompliant Financial Management Systems

The Department of Housing and Urban Development has successfully reduced its A-127/Federal Financial Management Improvement Act (FFMIA) noncompliant financial/mixed systems from 17 to 2.

In fiscal year (FY) 2002 the Department had 17 financial/mixed systems that were not in compliance with the Office of Management and Budget (OMB) Circular A-127 and FFMIA requirements. HUD's FY 2003 goal was to reduce the number of these noncompliant systems from 17 to 14. That goal was exceeded when the number of noncompliant systems was reduced to only 2. The last 2 noncompliant systems are the Chief Financial Officer's (CFO) Loan Accounting System (A21) (item 1 below) and Housing's Tenant Rental Assistance Certification System (F87) (item 17 below). F87 is currently undergoing an A-127 review to better determine the nature of its compliance deficiencies. Furthermore, Housing has initiated a business process reengineering study related to this system. A remediation plan will not be submitted for F87 until this input is available and considered next year. The list of FY 2002 noncompliant systems is as follows:

Office of the Chief Financial Officer (CFO)

1. A21 Loan Accounting System

Office of Public and Indian Housing (PIH)

2. N07 Regional Operating Budget and Obligation Tracking System

Office of Housing/Federal Housing Administration (Housing/FHA)

3. A43 Single Family Insurance System
4. A43C Single Family Claims System
5. A80B Single Family Premium Collection System - Periodic
6. A80D Single Family Distributive Shares Refund System
7. A80N Single Family Mortgage Notes Servicing
8. A80R Single Family Premium Collection System – Upfront
9. A80S Acquired Asset Management System
10. F12 Home Equity Conversion Mortgage System
11. F31 Cash, Control, Accounting and Reporting System
12. F47 Multifamily Insurance System

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| 13. | F71 | Title I Notes Servicing System |
| 14. | F72 | Title I Insurance and Claims System |
| 15. | F75 | Multifamily Claims System |
| 16. | A56 | Mortgage Insurance General Accounting |
| 17. | F87 | Tenant Rental Assistance Certification System (TRACS) |

During FY 2003, PIH's Regional Operating Budget and Obligation Tracking System, N07, (item 2 above), was discontinued. The N07 system was terminated due to the system's noncompliance with A-127 requirements and the difficulty with updating the system to conform to changes made to the Operating Fund formula in late FY 2001. PIH planned to develop a module in PIH Information Center system to replace the N07 system; however, it decided not to further pursue the module due to pending revision of its program requirements and processes. In the meantime, PIH has instituted an interim process that relies on desktop automation (Microsoft Excel spreadsheets and Microsoft Access databases) accompanied by extensive internal controls and validation checks to calculate Operating Fund allocations.

In FY 2002 FHA/Housing had 15 noncompliant systems. The Mortgage Insurance General Accounting system (A56) (item 16 above) was terminated in April 2003 due to implementation of a new FHA Subsidiary Ledger (P013), on October 1, 2002. Additionally, FHA reported that 13 (items 3-15 above) of the remaining 14 FHA/Housing noncompliant systems became substantially compliant with FFMIA and OMB Circular A-127 requirements in FY 2003, pending an independent verification review. The 6 noncompliance issues reported last year, which were common to all 13 systems, as well as the 3 additional noncompliance issues related to F75, were reportedly mitigated when FHA's P013 was implemented. The posting of general ledger transactions, which was previously done manually, was automated with the implementation of P013. Housing/FHA will continue with the remaining components of the FHA system development plan, which are spread over a 3-year period. The system development plan includes the elimination of remaining manual processes and their replacement with direct, automated interfaces to FHA insurance systems, the implementation of automated funds control processes using the FHA general ledger, and the enhancement of FHA cash accounting and Treasury reconciliation with automated support from the integrated financial management systems.

Tenant Rental Assistance Certification System (F87) is currently undergoing an A-127 review to better determine the nature of its compliance deficiencies. Furthermore, Housing has initiated a business process reengineering study related to their systems. A remediation plan will not be submitted until this input is available and considered next year.

Attached is the remediation plan for the A21 system.

REMEDATION PLAN FOR NONCOMPLIANT FINANCIAL MANAGEMENT SYSTEMS

Systems Not in Compliance With OMB Circular A-127 and/or the Federal Financial Management Improvement Act (FFMIA)

Office of the Chief Financial Officer

A21 - Loan Accounting system (See Remediation Plan on Page 72)

Office of Housing/Federal Housing Administration

F87 - Tenant Rental Assistance Certification System (TRACS)

TRACS is currently undergoing an A-127 review to better determine the nature of its compliance deficiencies. Furthermore, Housing has initiated a business process reengineering study related to their systems. A remediation plan will not be submitted until this input is available and considered next year.

REMEDATION PLAN

(To Correct Noncompliance With OMB Circular A-127/FFMIA)

Office of the Chief Financial Officer

1. Loan Accounting System (A21)

The first stage of HUD's System Development Methodology (SDM), Initiate Stage, was completed in May 2002. The resulting Feasibility Study, Risk Analysis, Cost Benefit Analysis and System Decision Paper provided a thorough analysis and recommended the implementation of a COTS package as the most feasible and most cost beneficial. The System Decision Paper also recommended moving forward with the SDM Define Stage tasks. These initial studies cost \$225,779.00.

The Statement of Work for the second phase of the SDM, Define Stage, was completed in July 2002 and forwarded to the Office of Procurement and Contracts. The procurement effort began July 29, 2002.

The contract was awarded September 30, 2002. The work on developing the Functional Requirement Document began mid October 2002. The projected completion of this phase has changed from June 2003. The revised expected completion of the phase is October 2003.

After the completion of the SDM Define Requirements Stage, the CFO will decide which course of action to pursue for the replacement of the LAS system. Should the recommendation to pursue purchase of a COTS package be chosen, the next step would be the procurement competition for its selection based upon the defined requirements.

The third stage of the SDM process will be the designed stage of the system. The CFO Systems Division will begin work on the SOW in September 2003. The SOW will be used along with the FRD requirements from the second stage for the solicitation of vendors.

The estimated completion date for implementation of a replacement system to LAS is dependent on definition of Loan Accounting system requirements and the direction of the CFO.

GLOSSARY OF ACRONYMS

ACD	Accelerated Claim Disposition
APP	Annual Performance Plan
ARS	Accounts Receivable Subsystem
BA	Budget Authority
BOSS	Budget Outlay Support System
CDBG	Community Development Block Grant
CFO	Chief Financial Officer
CHUMS	Computerized Home Underwriting Management System
CIO	Chief Information Officer
ConOps	Concept of Operations
COTS	Commercial Off-the-Shelf
CWTI	Credit Watch Termination Initiative
DCAMS	Debt Collection Asset Management System
DCB	Data Control Board
DGL	Departmental General Ledger
DMCS	Debt Management Collection System
DQIP	Data Quality Improvement Program
eLOCCS	Electronic Line of Credit Control System
EA	Enterprise Architecture
EAMS	Enterprise Architecture Management System
EDDS	Enterprise Data Delivery Service
EDM	Enterprise Data Management
EDW	Enterprise Data Warehouse
EPA	Environmental Protection Agency
eTS	Electronic Travel Service
FACTS	Federal Agency Centralized Trial Balance System
FAIR	Federal Activities Inventory Reform
FedGAAP	Federal Generally Accepted Accounting Principles
FERA	Front End Risk Assessment
FFMIA	Federal Financial Management Improvement Act
FHA	Federal Housing Administration
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FTE	Full Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles

GAO	General Accounting Office
GISRA	Government Information Security Reform Act
GNMA	Government National Mortgage Association
GPEA	Government Paperwork Elimination Act
HCAAF	Human Capital Assessment and Accountability Framework
HGDS	HUD Generic Debt System
HHS	Health and Human Services
HIFMIP	HUD Integrated Financial Management Improvement Project
HIHRTS	HUD Integrated Human Resources and Training System
HOCs	Homeownership Centers
HOME	HOME Investment Partnership Program
HPS	HUD Procurement System
HTMS	HUD Travel Manager System
HUDCAPS	HUD Central Accounting and Program System
I&I	Integration and Implementation
IDIS	Integrated Disbursement and Information System
IT	Information Technology
ITIM	Information Technology Investment Management
IV&V	Independent Verification and Validation
JFMIP	Joint Financial Management Improvement Program
LAS	Loan Accounting Subsystem
LASS	Lender Assessment Subsystem
LOCCS	Line of Credit Control System
M2M	Market-to-Market
MOU	Memorandum of Understanding
NDNH	National Directory of New Hires
NOFA	Notice of Funding Availability
OAS	Organizational Assessment Survey
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OMHAR	Office of Multifamily Housing Assistance Restructuring
OPM	Office of Personnel Management
PAR	Performance and Accountability Report
PART	Performance Assessment Rating Tool
PAS	Program Accounting System
PHA	Public Housing Authority

PIC	Public and Indian Housing Information Center
PIH	Public and Indian Housing
PMA	President's Management Agenda
PMRB	Project Management Review Board
POA	Public Housing Agency, Owner and Agent
PS	PeopleSoft
QMR	Quality Management Review
REAP	Resource Estimation and Allocation Process
RFQ	Request for Quote
RHIIP	Rental Housing Integrity Improvement Project
SDM	Systems Development Methodology
SFCS	Single Family Claims Subsystem
SFH	Single Family Housing
SFIS	Single Family Insurance System
SFPCS-U	Single Family Premium Collection Subsystem-Upfront
SGL	Standard General Ledger
SPS	Small Purchase System
SS	Social Security
SSI	Supplemental Security Income
SSO	Single Sign-On
T&Cs	Terms and Conditions
TASS	Tenant Assessment Subsystem
TEAM	Total Estimation and Allocation Mechanism
TIBEC	Technology Investment Board Executive Committee
TIIS	Title I Insurance System
UIV	Upfront Income Verification
USSGL	U.S. Government Standard General Ledger